



House of Representatives

File No. 648

General Assembly

February Session, 2012

(Reprint of File No. 86)

Substitute House Bill No. 5317
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 5, 2012

**AN ACT CONCERNING ANNUAL ADJUSTMENTS TO ASSESSMENT
RATES ADOPTED FOR APARTMENT AND RESIDENTIAL
PROPERTIES.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (c) of section 12-62r of the 2012 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage and applicable to assessment years*
4 *commencing on and after October 1, 2011*):

5 (c) For the assessment year commencing October 1, 2011, and for
6 each assessment year thereafter, in any municipality that adopts the
7 property tax system under this section, [apartment property shall be
8 assessed at a rate of fifty per cent. For assessment years commencing
9 on and after October 1, 2012, the assessor shall determine a rate of
10 assessment for apartment property that will have the effect of phasing
11 in proportionate increases in the rate so that, by the assessment year
12 commencing October 1, 2015, the assessment rate for apartment
13 property shall be seventy per cent] the legislative body of such
14 municipality shall determine the rate of assessment for apartment

15 property, provided such rate of assessment shall not be less than fifty
16 per cent or more than seventy per cent.

17 Sec. 2. Subsection (f) of section 12-62r of the 2012 supplement to the
18 general statutes is repealed and the following is substituted in lieu
19 thereof (*Effective from passage and applicable to assessment years*
20 *commencing on and after October 1, 2012*):

21 (f) Not later than June fifteenth in any year in which the [adjusted
22 tax levy in the current fiscal year increases by] legislative body of the
23 municipality adopts a budget for the following fiscal year that
24 establishes a projected increase in the adjusted tax levy of more than
25 [two and six-tenths per cent] three per cent over the adjusted tax levy
26 in the [prior] current fiscal year, [one] three per cent of the total
27 number of electors of such municipality may petition in writing for a
28 referendum on the budget establishing such increase. Any such
29 referendum shall be held not more than ten days after receipt of such
30 petition by the town clerk and shall be conducted in accordance with
31 the provisions of chapter 90. Such budget shall not become effective
32 unless a majority of the electors voting in such referendum vote in
33 favor thereof. Only one referendum may be held, and, if the vote is
34 against the budget, [such municipality shall so adjust the budget as to
35 limit any increase to be equal to or less than two and six-tenths per
36 cent] the budget as adopted in the preceding fiscal year, as adjusted by
37 the amount necessary to meet the funding requirements of the Pension
38 Commission and legally and contractually required increases, as
39 certified by the finance director, shall be deemed to be the budget of
40 such municipality for the ensuing fiscal year, and expenditures shall be
41 made in accordance therewith.

42 Sec. 3. Section 12-62r of the 2012 supplement to the general statutes
43 is amended by adding subsections (g) and (h) as follows (*Effective from*
44 *passage and applicable to assessment years commencing on and after October*
45 *1, 2012*):

46 (NEW) (g) Notwithstanding the provisions of section 12-55

47 regarding the date of publication of the grand list, the assessor or
48 board of assessors in any municipality that adopts the property tax
49 system under this section shall publish the grand list for such
50 municipality for the assessment year commencing October 1, 2011, not
51 later than fifteen days after the effective date of this section. In each
52 case of any increase in valuation of a property above the valuation of
53 such property in the last-preceding grand list, the assessor or board of
54 assessors shall mail a written notice of assessment increase to the last-
55 known address of the owner of the property the valuation of which
56 has increased, as provided in subsection (c) of section 12-55.

57 (NEW) (h) (1) Except as provided in subdivision (2) of this
58 subsection, notwithstanding the provisions of section 12-112, for the
59 assessment year commencing October 1, 2011, any person claiming to
60 be aggrieved by the actions of the assessor or board of assessors
61 pursuant to this section may proceed as provided in section 12-111,
62 provided (A) such appeal shall be filed, in writing, on or before the
63 twentieth calendar day after the assessor or board of assessors certifies
64 the grand list for such municipality, provided such person may only
65 file one such appeal regarding the claimed aggrievement for the
66 assessment year commencing October 1, 2011, (B) the board of
67 assessment appeals shall notify each aggrieved person who filed a
68 written appeal in the proper form and in a timely manner, not later
69 than September 1, 2012, of the date, time and place of the appeal
70 hearing, and (C) such board shall notify such person not later than
71 September 1, 2012, that such board has elected not to conduct an
72 appeal hearing, in which case the appellant may appeal directly to the
73 Superior Court pursuant to section 12-117a.

74 (2) Notwithstanding the provisions of subdivision (1) of this
75 subsection, any municipality that adopts the property tax system
76 under this section shall follow all provisions of chapter 203 with regard
77 to the claim of any person who, prior to the effective date of this
78 section, brought an appeal to the board of assessment appeals in
79 compliance with the provisions of sections 12-111 and 12-112. Such
80 person shall retain the right to appeal to the Superior Court, as

81 provided in section 12-117a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to assessment years commencing on and after October 1, 2011</i>	12-62r(c)
Sec. 2	<i>from passage and applicable to assessment years commencing on and after October 1, 2012</i>	12-62r(f)
Sec. 3	<i>from passage and applicable to assessment years commencing on and after October 1, 2012</i>	12-62r

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Hartford	See Below	See Below	See Below

Explanation

The bill, which makes changes to the apartment property tax assessment system for the City of Hartford, has no fiscal impact to the state or municipalities. It is anticipated that the property tax burden will shift from commercial/industrial property, personal property and motor vehicles to residential/apartment property as a result of these changes.

House "A" struck the underlying bill and its associated fiscal impact. The substitute language results in the fiscal impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5317 (as amended by House "A")******AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.*****SUMMARY:**

PA 11-212 required a municipality that met certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, beginning with the 2011 assessment year, as long as the assessment ratio for any property class did not exceed 70%. It applied to any municipality that, in the 2010 assessment year, was implementing the law that allows towns to provide a special property tax relief program. Hartford is the only municipality that used this program and is thus the only municipality the act and this bill affects.

This bill:

1. adjusts the act's apartment property assessment ratio for the 2011 assessment year (which began October 1, 2011, for taxes due in FY 13) and subsequent years;
2. requires Hartford's assessor to publish the 2011 grand list within 15 days of the bill's passage and issue assessment increase notices to property owners; and
3. allows aggrieved property owners to appeal their 2011 assessments to the board of assessment appeals, as long as they have not already done so.

PA 11-212 also allowed voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than

2.6% over that for the prior fiscal year. The bill (1) changes the trigger for the referendum; (2) increases the referendum's voting threshold; (3) specifies that the referendum is on the budget proposed for the following fiscal year, rather than the budget for the fiscal year in progress; and (4) specifies how the budget must be revised if it is voted down.

*House Amendment "A" replaces the original bill, which gave towns the option of reducing the annual interest rate they charge on delinquent property taxes.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on or after October 1, 2012, except for the apartment property assessment ratio provision, which is applicable to assessment years starting on or after October 1, 2011.

APARTMENT PROPERTY ASSESSMENT RATIO

PA 11-212 required Hartford to assess apartment property at 50% of its fair market value for the 2011 assessment year and, beginning with the 2012 assessment year, proportionately increase this assessment so that it is 70% by the 2015 assessment year. The bill instead (1) authorizes Hartford's legislative body to determine the apartment property assessment ratio for the 2011 assessment year and subsequent assessment years and (2) requires that it be between 50% and 70% of the property's fair market value.

Existing law, unchanged by the bill, defines apartment property as any building, land, and accessory building and improvements having four or more dwelling units and residential property as having one to three such units.

ASSESSMENT INCREASE NOTICES AND APPEALS FOR THE 2011 GRAND LIST

The bill requires Hartford's assessor to publish the city's 2011 grand list within 15 days of the bill's passage, notwithstanding the law requiring assessors to do so by January 31 of each year. It requires the assessor or board of assessors to mail a written assessment increase

notice to any property owner whose property value increased over the 2010 grand list to the property owner's last-known address. By law, the written notice must be sent no later than 10 days after the assessor signs the grand list.

The bill (1) authorizes aggrieved property owners to appeal their assessments in writing to the board of assessment appeals within 20 calendar days of the assessor certifying the grand list and (2) limits property owners to one appeal for the 2011 assessment year.

The board must notify appellants by September 1, 2012 about (1) the date, time, and place of the hearing or (2) its decision not to hold a hearing. By law, the board must hold a hearing on assessments except those over \$1 million for commercial, industrial, utility, or apartment property. If the board chooses not to hold a hearing, the appellant may appeal directly to the Superior Court.

Appeals filed before the bill's passage are subject to existing law's deadlines for filing, hearing, and deciding assessment appeals. Any such appellants retain the right to appeal to the Superior Court.

BUDGET REFERENDUM

PA 11-212 allows voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year. The bill (1) specifies that the referendum is on the budget proposed for the following fiscal year, rather than the budget for the fiscal year already in progress, and (2) changes the trigger for the referendum to an increase in the tax levy of 3% over that in the current fiscal year.

Under current law, 1% of voters must petition for the referendum by June 15. The bill increases this threshold to 3% of voters.

Under PA 11-212, if voters did not approve the budget, the city was required to limit the tax levy increase to 2.6%. The bill instead requires that the budget revert to the preceding fiscal year's budget, adjusted by the amount necessary to meet the Pension Commission's funding

requirement and any legally and contractually required increases certified by the finance director.

BACKGROUND

Residential Property Assessments Under PA 11-212

For the 2011 assessment year, PA 11-212 requires Hartford's assessor to calculate an assessment ratio for residential property that (1) produces an average annual property tax increase attributable to a revaluation of 3.5% over the 2010 assessment year and (2) is at least 23%. The act also requires an additional adjustment to residential property assessments to reflect the growth in property taxes levied over the previous fiscal year, adjusted for inflation. The adjustment ranges from 0% to 5% and applies to assessment years beginning on or after October 1, 2011.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/07/2012)